

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

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IN THE MATTER OF TENTATIVE	:	NOTICE OF TENTATIVE
APPROVAL OF THE MINING AND	:	APPROVAL
RECLAMATION PLAN PERMIT	:	NO. M/045/017
REVISION SUBMITTED BY	:	
BARRICK MERCUR GOLD MINES INC.	:	
SUBSIDIARY OF	:	
BARRICK RESOURCES (USA), INC.	:	
TOOELE COUNTY, UTAH	:	

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THE STATE OF UTAH TO ALL OPERATORS, TAKERS OF PRODUCTION, MINERAL AND ROYALTY OWNERS, AND PARTICULARLY ALL PERSONS INTERESTED IN PORTIONS OF SECTIONS 4, 5, 6, 7, 8 and 9, Township 6 South, Range 3 West and portions of sections 31, 32 and 33, Township 5 South, Range 3 West, SLBM, Tooele COUNTY, UTAH.

Notice is hereby given that tentative approval was given by the Division of Oil, Gas and Mining, on May 21, 1990 to Barrick Resources (USA), Inc. to continue open pit mining operations in Tooele County, Utah

The name of the proposed mining permit revision is the Mercur Mine Expansion, and the person representing the company is Mr. Frank D. Wicks, Vice President and General Manager, P. O. Box 838, Tooele, Utah 84074, (801) 268-4447.

Barrick Resources (USA), Inc. has fulfilled obligations under the Utah Mined Land Reclamation Act of 1975 (Section 40-8, UCA, 1953, as amended) with specific reference to Section 40-8-13 and will employ the following mining and reclamation techniques on approximately 404 additional acres of federal, state and private land.

During Operations

1. The principal project components include expansion of the existing Sacramento Marion Hill and Golden Gate pits, construction of Dump Leach Area 3 with associated processing facilities, construction of the Sunrise dump to receive development waste rock from the Sacramento Pit, expansion/relocation of select topsoil stockpile sites and construction of new access/haul roads. The existing mill, tailing pond and dump leach pads will be utilized in the mine expansion.

2. Topsoil will be salvaged, stripping will be done within the mine pits waste rock dumps and dump leach pads and stockpiled for reclamation of disturbed areas. Appropriate sediment/erosion control measures will be utilized to protect topsoil stockpiles and disturbed areas.
3. Dump Leach 3 will be double lined and equipped with leak detection/monitoring systems.

Following Operations

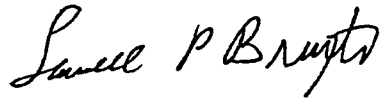
1. The dump leach areas will be decommissioned, regraded, capped, topsoiled and revegetated.
2. The Sunrise waste rock dump will be regraded to a 2:1 slope, topsoiled, netted and hydromulched.
3. The pit highwalls will not be reclaimed. All structures, machinery and scrap will be removed from the pits. Rock berms and warning signs will be placed along pit perimeters.
4. Post-reclamation monitoring will continue until all applicable federal/state standards are achieved and/or maintained and bond is released.
5. The pipe and pumps at the tailings impoundment will be removed and the dam decommissioned. The tailings will be allowed to dry prior to topsoiling and revegetating.
6. The mill site processing facilities will be removed and the disturbed areas regraded and ripped prior to topsoiling and revegetating.
7. The county road will be deeded to Tooele County for public use and passage.

Any person or agency aggrieved by this tentative decision is hereby requested to submit written protest within thirty (30) days of the date of publication to the Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center, Suite 350, Salt Lake City, Utah 84180-1203, setting forth factual reasons for his or her complaint, and thereafter, at a time and place to be established, appear before the Board of Oil, Gas and Mining to show cause, if any, why this mine plan should not be approved.

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Notice of Tentative Approval
M/045/017
May 21, 1990

DATED THIS 21st day of May 1990.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

A handwritten signature in cursive script, reading "Lowell P Braxton".

Lowell P. Braxton
Associate Director, Mining

jb
MN24/6-8



Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

June 7, 1990

TO: Wayne Hedberg - Minerals Supervisor

FROM: Steve Schneider - O & G Audit Supervisor *Steve*

RE: Barrick Self-Bond Qualification

I have reviewed the self-bond agreement, the self-bond qualification sheet, and the annual report for Barrick Resources, and offer the following comments for your consideration:

1. My primary concern is the company which has signed the self-bond agreement, Barrick Resources (USA), Inc. The financial data which has been submitted for self-bonding qualification is for American Barrick Resources Corporation, who is the parent of several subsidiaries such as Barrick Resources (USA) Inc. (Mercur Mine) and Barrick Goldstrike Mines Inc. (Goldstrike Mine in NV).

If the parent's financial data qualifies this mine for self-bonding, then the parent should also be a signing party to the agreement. The self-bond agreement from November, 1986 did include the parent as well as the individual Mercur mine corporation.

You should also be aware that the parent is a Canadian based corporation. I do not have the legal background to identify if this circumstance would hinder the State of Utah's ability to insure performance.

2. My review of the parent's financial ratios indicates improvement since the self-bond qualification in 1986. Please reference the attached report for more detail in this area.

The figures provided by Barrick for the self-bonding qualification are based on accounting principles generally accepted in Canada, which are different than those accepted in the United States. However, as the attached report reflects, the ratios are not significantly affected in relation to the minimums established for your self-bond qualification.

3. Another issue to consider regarding qualification is that no maximum self-bond amount has been established based on submitted financials. For example, an operator could pass the ratio tests of current assets to current liabilities, total liabilities to net worth, and meet the minimum

net worth of \$10 million, however would a self-bond of an unlimited amount be acceptable? Certainly a self-bond greater than their net worth would not be secure. One idea would be to limit the self-bond to 10% of the net worth to provide protection to the state. An alternative would be to review this on a case by case basis with the Board, provided operators knew that agreement to the self-bond by the Board could include additional factors than those specifically stated on the form.

4. The Board needs to consider that the financial statements submitted by American Barrick do not reflect a recorded liability for the lawsuit filed against Barrick by Gold Standard, Inc. which involves the Mercur mine. An outcome unfavorable to Barrick could eliminate the entire net worth of the consolidated company. Barrick has not recorded a liability since they believe the lawsuit is without merit, however they do state that damages could have "a material adverse effect on the Company." The qualified opinion of Parsons, Behle, and Latimer regarding this suit is also reflected in the notes to the financial statements on page 45. This contingent liability was briefly identified in the financial statements for the previous bond review in 1986, but the Board must consider if they are willing to continue to accept this risk.
5. My review of the 1989 annual report of American Barrick did not identify a reference to their previous commitment to the state of Utah for \$6,657,000 of reclamation to the Mercur mine. Since this company has six other major mining projects, I believe the state of Utah should become aware of the bonding instruments utilized for the other mines. The key reason for this request is that other states could be reviewing the same annual report as we are to determine financial strength in order to issue a form of self-bond, thus multiple unsecured parties would have less protection than they originally believed.
6. While I didn't originally consider the calculation of the reclamation amount to be a part of my review, I did notice that Barrick utilized an annual inflation factor of 1.84% for the years of 1990 to 1999 in the calculation of the \$8,808,891 bond. This appears to be a very conservative inflation estimate. As an example, the annual report estimates annual salary increases of 6% in their funding of pension obligations.

I hope these comments provide additional information for you to consider in the self-bonding qualification. Please contact me if you have further questions.

AU57/1-2

Attachment

6/7/90

Financial Ratios – Amer Barrick Resources

	1989	1988	1987	1986
CUR AS/CUR LIAB				
(Min of 1.2)				
Canada Acctg	4.15	2.02	NA	1.24
U.S. Acctg	3.34			

TLIAB/NETWORTH				
(Max of 2.5)				
Canada Acctg	1.00	0.79	NA	1.93
U.S. Acctg	1.00			

NET WORTH	(Thousands of Dollars)			
Canada Acctg	525,518	390,485	NA	141,407
U.S. Acctg	513,515			

CUR ASSETS				
Canada Acctg	368,045	86,957	NA	153,022
U.S. Acctg	368,045			

CUR LIABIL				
Canada Acctg	88,779	43,069	NA	123,464
U.S. Acctg	110,207			

TOTAL LIAB				
Canada Acctg	524,551	310,350	NA	273,078
U.S. Acctg	513,863			

NET INCOME				
Canada Acctg	35,765	30,495	18,819	15,062
U.S. Acctg	30,823			